



SHORT COMMUNICATION

**ENTREPRENEURSHIP AND AGRICULTURAL VALUE CHAIN: CHALLENGES
FOR SUSTAINABLE RURAL DEVELOPMENT IN NIGERIA**

Y.F. Joshua

Department of Agricultural Education, Federal College of Education Zaria, Kaduna State,
Nigeria

INTRODUCTION

The impact of entrepreneurship on agricultural value chain and its influence on sustainable rural development in Nigeria is difficult to accurately measure. However, entrepreneurship is a realistic tool for sustainable rural development in Nigeria. Ariyo (2005) pointed out that, entrepreneurship has been beneficial in Nigeria because it provides diverse employment opportunities for 50 per cent of the country's population. Nigeria is naturally endowed with entrepreneurship opportunities, but the realization of the full potential of these opportunities had been dampened by the adoption of inappropriate industrialization policies at different times (Sunday, Iliya and Francis, 2015).

Nigeria markets are full of consumer items processed from agricultural produce, ranging from rice, milk, coffee among others. Most of these products are imported from Europe, North America and other parts of the world. Nigerians seem to value most of these imported agricultural produce. This could be associated with lack of innovations needed in the transformation of the agricultural value chain in the country. Pankaji *et al.* (2016) observed in India that, a country's backwardness is not determined by its lack of resources or dearth of capital but is decided by the lack of entrepreneurial talent in its society. This clearly indicates the need for building capacity in entrepreneurship development among individuals in our societies. This paper therefore, discussed the entrepreneurship challenges in the transformation of agricultural value chain for sustainable rural development in Nigeria.

Entrepreneurship and entrepreneur

Entrepreneurship entails the act of risk-taking, innovation, arbitrage and coordination of factors of production in the creation of new products or services for new and existing users in human society (Kanothi, 2009). On the same vein, David (2012) states that, entrepreneurship is about looking forward, identifying opportunities, creating a vision of how the business will grow, innovating and taking risk. A farmer who thinks of the farm as a business that has potential to grow and develop is an entrepreneur. Entrepreneurial farmers look at their farms and see way to make them more profitable; they develop ideas and then translate them into action. These qualities enable entrepreneurial farmers to seek out business opportunities, conceptualize and initiate new business ideas and guide the farm business to accomplish the goal set. Farmer-entrepreneurs see their farms as a business. They see their farms as a means of earning profits. They are passionate about their farm

business and are willing to take calculated risks to make their farms profitable and their businesses grow. Entrepreneurial farmer has the potentials to reduce poverty, increase food security and reduce unemployment.

The word entrepreneur originates from French word “entreprendre” which means to undertake (Akanni, 2010, cited in Hamza, 2013). Emma-ochu (2016) pointed out that, the word was first used in 1723. However, Shane in Adekunle and Kayode (2014) state that the word “entrepreneur” can be taken to mean an individual who convert initiative and innovation into economic goods through risk taking and effective management ability. On the other hand, Anyadike et al., (2012) sees entrepreneur as an individual who identifies the needs of a place or group of people and strive to meet them while making profit in the process.

Chakraborty and Barman (2014) reported that rural entrepreneurs were primarily motivated by the need for self-employment, need for independence for starting the enterprises, eagerness to make money. Studies have also shown that training on rural entrepreneurship, artisan skills and rural innovation have not only improved the productivity and proficiency of the local farmers and artisans, but also have a significant social and environmental impact by developing eco-friendly appropriate solution to local problems. Individuals and institutions promoting rural development now see entrepreneurship as a strategic development intervention that which could accelerate the rural development process (Saxena, 2012).

Sustainable development and entrepreneurship

Sustainable development and entrepreneurship has received a lot of attention in scientific circles, resulting in a number of publications on the matter. Sustainable entrepreneurship, in particular, has a great potential to contribute to sustainable development as sustainability issues (continuous or maintained growth) nowadays can be a source of entrepreneurial opportunity. Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The 2005 World Summit on Social Development identified the following sustainable development goals: economic development, social development and environmental protection (United Nations General Assembly, 2005). Unfortunately, production and consumption patterns in the world in general remain unsustainable (United Nations, 2002) and the scale and nature of human and economic activities exceed what the planet can physically sustained (World Resources Institute, 2005).

Today’s sustainable development is based on innovation, creativity, use of science, its continuation and transition to the future generation. Besides preparing the ground for the sustainable growth and development, development of entrepreneurship in the country will solve current problems and difficulties including poverty, social and cultural disorganization, unemployment of graduates from universities, colleges of education and polytechnics and other challenges of mass unemployment. In fact, entrepreneurship, whose concept is the discovery and exploitation of opportunities to create value in various economic, social and cultural areas of a society, is regarded as the basis and foundation of comprehensive development. Studies and research show that entrepreneurship plays a competent and necessary role in economic growth and development, active presence in world markets, competition, sustainable employment, development of justice, reduction of poverty, national income and solution of problems of the society, government and public

sector. Development of entrepreneurship in the country needs capable entrepreneurs. Development of entrepreneurship means creation of development of countries, especially developing country like Nigeria (Cohen and Winn, 2007, Patzelt and Shepherd, 2011, and Binder and Belz, 2015).

Qualities that will enable a farmer to be a Successful Entrepreneur

Being a farmer does not make individual an entrepreneur, it is all about having attitude as well as the drive to succeed in the farming business. Today, all successful entrepreneurs have a similar way of thinking and also possess several key personal qualities which make them so successful in business. Jayadatta and Syed, (2016) pointed out the qualities that will enable an individual to be successful entrepreneur.

- i. **Dreamer:** An entrepreneur dreams of a big idea of how something can be better and different.
- ii. **Inner drive and intent to succeed:** Entrepreneurs are always driven to expand and succeed their business. They necessarily see the bigger picture in front of them and often are very ambitious. Entrepreneurs do set massive goals for themselves and also stay committed to achieving them regardless of the obstacles that get in the way.
- iii. **Innovator:** All entrepreneurs have a passionate desire to do things better and also to improve and enhance their products and service. They are constantly looking for the ways to improve and succeed. They are innovative, creative and resourceful.
- iv. **Ability to Organize:** An entrepreneur should be able to organize various factors effectively. He has to understand all the aspects related to business.
- v. **Passionate:** An entrepreneur should be expressive so the idea creates resonance and energy with others.
- vi. **Risk Taker:** An entrepreneur pursues the dream without all the resources lined up at the start and also distributes the risk over the network of capabilities. In short, he should be ready to bear uncertainties and risks.
- vii. **Decision Making:** One has to certainly take right decision at a right time by showing his promptness. Quick decisions are expected but hasty decisions shouldn't be taken. Delay in decisions may also increase the cost of project and also reduce the profits.
- viii. **Continuous Learner and Openness to Change:** An entrepreneur should have a constantly exploring and evolving nature to do best practice. If something is not working for him, he should simply change. Entrepreneurs should know the importance of keeping on top of their industry and the only way to being number one is to evolve and change with the times. They are up to date with the latest technology and should be always ready to change if they see a new opportunity arise.
- ix. **Negotiation Skills:** Businessmen regularly come into contact with various persons like the consumers, government officials, workers, etc., so should be in a position to communicate tactfully.
- x. **Strong Belief in Themselves:** Successful entrepreneurs have a healthy opinion of themselves and often possess an assertive and strong personality.

Agricultural value chains

Agricultural value chain encompasses the flow of products, knowledge and information between farmers and consumers, Trienekens (2011). It includes design, production, marketing, distribution and support services leading up to consumption (and often beyond, when recycling processes are considered). They offer the opportunity to capture added value at each stage of the production, marketing and consumption process. As the product passes through the stages of the value chain, its value increases. Farmers need to better engage with value chains in order to gain added value for improving their livelihoods, whilst reducing their risks and increasing their resilience. Rural producers are the starting point of most value chains. Helping them capture market opportunities, obtain fair deals, and produce higher-quality products improves value chain performance while increasing rural and employment and harnessing economic growth for rural areas (International Labour Organization, 2009).

Strategies for promote agricultural value chain

The strategies that enhance higher level value addition to agricultural products could be identifying as:

❖ Capturing value within the value chain

Producing for the market is the first response of farmer-entrepreneurs to the opportunities found along the value chain. But like entrepreneurs, farmers will want to diversify their livelihoods to make them more sustainable and more profitable. One way to do this is by capturing value within the value chain by processing agricultural commodities into more refined products such as: Milling maize and other grains, Cooking, curing or drying meat, Drying fruits and vegetables, Mixing commodities such as nuts and raisins, Create handcrafts with commodities such as grasses and flowers. Each of these represents a value-adding possibility in which entrepreneurial farmers can become involved to capture value within the value chain.

❖ Enhancing and managing efficiencies in production

Farmer-entrepreneurs need to be skilled at finding and using opportunities to expand their businesses. But they also need to be efficient in utilizing resources, and in transporting and marketing produce.

❖ Promoting new technologies and innovation

New technologies are needed in order to adapt to a changing economy and a changing market. Farmer-entrepreneurs are not only consumers and users of these technologies but should also be active participants in designing, testing, adapting and introducing them to the farming system.

❖ Sustaining land management

The foundation of most farm-based businesses is land. While it is tempting to produce as much as possible over the short-term, a successful farmer-entrepreneur knows that the value of the land lies in its ability to continue producing profitably for generations. Sustaining land is a key element of the long-term success of the farm business.

❖ Broadening management skills

As the farm business grows, it becomes more and more complex. Farmer-entrepreneurs need to continue increasing their managerial ability to meet the demands of increasing complexity.

❖ Trustworthiness and respect in business

The long-term success of any business depends on it being conducted with trustworthiness and respect. These qualities assure partners along the value chain that farmers are reliable, that their deeds match their words and that they respect everyone with whom they work.

❖ Promoting group entrepreneurship

Group entrepreneurship can occur when a group of like-minded farmers are willing to work together on a joint enterprise. This often requires support from extension workers to organize the group and facilitate linkages along the value chain. The challenge is to know when to stop their support and hand overall management and entrepreneurship functions to the group.

❖ Managing farm businesses according to a long-term plan

Daily pressures on the farm business require farmers to make many immediate decisions. These decisions need to be made within a broader vision that guides the development of the business. Farmers must ensure that they are managing their farm businesses with a long-term plan for the business so that it stays on course and its direction is not determined by day-to-day decisions (David 2012 and Jayadatta and Syed, 2016).

Challenges to effective entrepreneurship on agricultural value chain

It cannot be assumed that every agricultural enterprise will be successful. It needs the right environment. But often there are barriers outside the control of the farmer that limit success and make the environment hard for new businesses. This environment is affected by government policy and the level of investment in agriculture. The environment is different in every country; it varies greatly even within countries. To create and maintain an environment that encourages profitable, market-oriented farm businesses, policy makers need to address the following challenges as identified by (Desai, 2007; ILO, 2007; Audretch and Keilbach, 2008; ILO, 2009; Sundar and Srinivasa, 2009; Banerjee, 2011; Binder and Belz, 2015).

i. Poor or absent infrastructure

Often, what is blocking starting and growing profitable farm businesses is basic infrastructure. Simple things, such as poor roads leading to markets, inadequate storage and market facilities, and even irregular supplies of electricity create very real and practical barriers to developing farm businesses.

ii. Unsupportive and regulations:

Governments need to have a positive view of entrepreneurship in farming. Land tenure and ownership, banking laws, trading regulations, business law and tax law are some of the more common barriers that help or limit the development of successful farm businesses. The ability to buy, sell and hire land, the legal status of women, the complexity of business regulations and the extent of bureaucratic procedures, all affect the environment in which new farm businesses must operate. Countries need to look very carefully at laws and regulations to make sure that they make it easier for small-scale farmers to develop their farm businesses.

iii. Lack of financial support:

A major stumbling block for many farmers to expand production or diversify into new high value enterprises is lack of access to finance. Farmers who are starting new enterprises often face difficulty raising investment capital.

iv. Social barriers:

There are also social barriers to entrepreneurship that farmers face. The concept of entrepreneurship is not common to every culture or society. The fear of failure can be a barrier. Creativity and innovation are not always valued traits. Some countries have social systems that create dependence and hopelessness. Women in business are often not supported or are even discouraged. In some cultures communal enterprises may be more acceptable than individual businesses. Extension workers will need to be aware of these social barriers and help farmers deal with them.

v. Lack of training facilities:

To have a healthy farming sector, training facilities and support must be easily available to farmers. Effective institutions need to be developed to provide education and training at the right time, in the right place, and with the right balance of technical knowledge and practical skills.

vi. Lack of support services and trained extension staff:

Farmers advancing through the five stages of development will need information, advice and support. Services are needed to advice, and support farmers in identifying, preparing, designing and implementing efficient farm businesses. Advice and support to farmers must cover areas beyond the traditional production-led services. The support needs of farmers are much wider – covering all aspects of running a profitable, market-oriented farm business. In many countries, there is a general lack of farm management advisors to deal with the range of issues and questions faced by farmer-entrepreneurs. Further, support services are often inadequate and inefficient, particularly in remote rural areas. The public sector has an important role to play in servicing these areas and in ensuring that the full range of information, advice and support is available.

vii. Marketing constraints:

When running a farm business, production must always be linked to a market. Access to markets is often constrained by a number of factors. These include poor communications, infrastructure and marketing facilities, lack of reliable and timely market information, limited purchasing power and even negative attitudes of buyers. It is the responsibility of government to address these barriers and to provide an environment that supports farm businesses. However, with or without this assistance, farmers can take the lead by recognizing the qualities they possess get training and think and act as entrepreneurs.

viii. Access to information

Healthy, profitable businesses need a wide range of information. However, information provided through extension and support services (including NGOs) mainly focuses on production technologies, and not on prices, contacts, market possibilities or business management. Market information systems are emerging in many developing countries; many of these are difficult to access and do not provide the information in time or at affordable costs.

Information needs to be organized, packaged and communicated in ways that are helpful to farmer-entrepreneurs. Information is not always provided this way. Content and the way it is presented and communicated are all important. Radio, posters, leaflets and learning groups can help farmers access the information they need to be successful entrepreneurs.

ix. Low bargaining power

Small-scale entrepreneurial farmers often have low bargaining power. Their individual level of production is usually low and this limits their ability to negotiate with suppliers. Limited bargaining power can force them to buy inputs and equipment at higher prices. The same applies to bargaining power in the market place. Limited bargaining power often

forces small-scale farmers to accept lower prices for their produce. If they had greater bargaining power, they would have a better chance to determine market prices for their products.

x. Vulnerability to economic shocks

Emerging entrepreneurial farmers are often vulnerable to sudden economic changes such as: Unexpectedly low yields or crop failure, changes in prices for inputs and products, the relocation of markets, changes in interest rates, adding fees for services, and additional market requirements (e.g. levies, fees, and changes in packaging requirements). Such changes may make the difference between profit and loss for the farm business. Farmers run a significant risk of not being able to recover from such shocks. A key to meeting such challenges is to strengthen the asset base of the farm business or to reduce its exposure to risk.

Conclusion

Farmer-entrepreneurs certainly play an important role for sustainable development in developing countries such as Nigeria because they see their farms as a business and as a means of earning profits. They are passionate about their farm business and are willing to take calculated risks to make their farms profitable and their businesses grow. In order to create successful agricultural entrepreneurs by adding value to agricultural produce through value chain, Nigeria must focus on creating the right and sustainable environment for agricultural entrepreneurs to succeed, ensure that the entrepreneurs have access to the right skills and capital, as well as enable networking and exchange within different areas of agricultural production.

1. The Federal, State and the Local Governments should take more interest in promoting the growth of agricultural entrepreneurship and support the development and coordination of value chains in Nigeria. Through investments that encourage greater productivity and the ability to capture a higher value include transport infrastructure, energy for processing, chilling, drying, or and packaging commodities. Research and [extension services](#) in new storage, processing and packaging technologies; and [education and training](#) in product marketing. Perhaps the most critical role of governments is establishing systems of laws, regulation and governance, which set rules for fair and competitive markets for farmers, marketing agents and processors, and permit farmers to secure land and property rights.
2. Farmers should come together to form groups, associations and organizations and to manage group enterprises. This group action will provides them with support to better cope with risks and an environment that encourages innovation.
3. Farmers need to be actively assisted by all tiers of government and non- governmental organizations if agricultural value chains are to offer better, strong and reliable opportunities for farmer, those markets in which farmers can have a ‘comparative advantage’ need to be identified with a strong social network can draw upon their [social capital](#) to strengthen their position within a value chain. For example, an effective producer organization or [cooperative](#) can help farmers increase their bargaining power by helping them enter into high-value supply chains and provide support for acquiring information on [market](#) prices and requirements.

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